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Budget Digest

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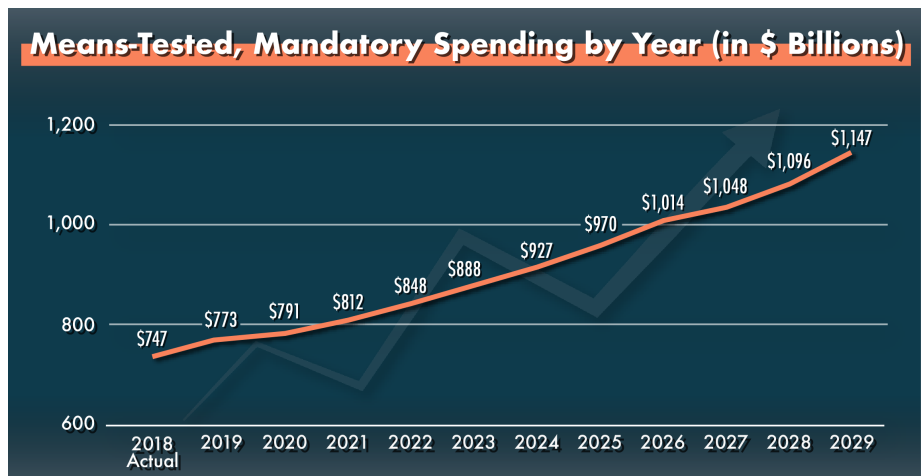
Budget Digest: CBO Report on Federal Spending for Anti-Poverty Programs

Last week, the Congressional Budget Office (CBO) released a report on the federal budget's means-tested, mandatory spending programs (programs where eligibility is determined by income). Established to provide additional support for low-income families, these programs include Medicaid, the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) program, and the Supplemental Security Income (SSI) program.

The Federal Budget For Means-Tested Programs. According to CBO, the mandatory portion of the federal budget includes almost \$800 billion for means-tested, anti-poverty programs this year -- enough to consume almost half of all federal income tax revenues.¹ This figure does not include federal discretionary spending on anti-poverty programs or state and local spending. When such spending is included, total government spending on anti-poverty efforts exceeds \$1 trillion per year.² To put this in perspective, spending on means-tested programs is currently the second largest item in the federal budget after Social Security, with the cost exceeding the budget for defense, or Medicare, or all non-defense discretionary programs.

The Growth Of Means-Tested Program Spending.

According to CBO, spending on federal mandatory means-tested programs grew annually by 4.5 percent between 2009 and 2018, increasing from \$500 billion to \$747 billion. CBO projects spending on federal mandatory means-tested programs will increase from \$773 billion in 2019 to \$1.1 trillion in 2029 (4.0 percent annual growth). Overall, CBO projects means-tested anti-poverty spending over the next decade will amount to \$9.5 trillion.³



Disappointing Poverty Reduction Progress. Despite this substantial and growing spending commitment, poverty in America has only marginally declined. In 1966, just as the War on Poverty was declared, the poverty rate was 14.7 percent. After 50 years and trillions of dollars, the poverty rate was essentially the same at 14.8 percent in 2014.⁴ By this measure, little progress had been made to reduce poverty in five decades. The poverty rate has only just started to decline to 12.3 percent in 2017.⁵

Helping Lift More Americans Out Of Poverty. Policymakers should reform programs to ensure they deliver results for the American people. Too often, the success of these programs has been measured by inputs (e.g. how much money is spent or how many beneficiaries are added to the program), when it should be measured by outcomes (e.g. how effective the program is at lifting Americans out of poverty). That's why Republicans are offering solutions to link anti-poverty programs to employment opportunities, which have proven to help Americans climb the economic ladder and earn their own success. In addition, Republicans are working to build off the success of historic tax reform and deregulation, which have boosted the economy, creating better opportunities for all Americans.

¹ <https://www.cbo.gov/system/files/2019-06/55347-MeansTested.pdf>.

² A Better Way: Poverty, Opportunity and Upward Mobility. June 7, 2016.

³ <https://www.cbo.gov/system/files/2019-06/55347-MeansTested.pdf>.

⁴ Edwards, Ashley, "Poverty Rate Drops for Third Consecutive Year in 2017," *United States Census Bureau*, September 12, 2018, <https://www.census.gov/library/stories/2018/09/poverty-rate-drops-third-consecutive-year-2017.html>.

⁵ Ibid.